

Message Text

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ACTION EUR-12

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AMCONSUL PONTA DELGADA
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
USNMR SHAPE BRUSSELS BEL
COMUSFORAZ

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TAGS: SOPN, PINT, IMF, PO
SUBJECT: SOARES CONFIRMS INEVITABILITY OF IMF ACCORD
IN LEMONDE INTERVIEW

SUMMARY: PORTUGUESE APRIL 14 FRONT-PAGE PRESS PLAY ON PRIME
MINISTER SOARES'S "LE MONDE" INTERVIEW HIGHLIGHTED HIS
STATEMENTS ON THE NECESSITY OF AN IMF AGREEMENT, GOVERNMENT
STABILITY UNTIL 1980, AND ACCEPTANCE OF AUSTERITY PROGRAMS.
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POPULAR DISCONTENT-ON THE LEFT AND RIGHT-OVER THE AUSTERITY
MEASURES WILL TEST THE METTLE OF THE PS/CDS GOVERNMENT.

1. IMF: SOARES CONTINUED TO PRESS HIS LINE THAT AN IMF AGREEMENT
IS THE ONLY SOLUTION IN SIGHT, BUT THE FUND FUND MUST NOT
PUSH PORTUGAL INTO UNTENABLE POLICIES. QUOTES, AS REPRINTED
FROM PRO-GOP "DIARIO DE NOTICIAS":

--"...THE RESULTS OF THE NEGOTIATIONS WILL DETERMINE THE ESSENTIAL OPTIONS FOR THE COUNTRY'S ECONOMIC FUTURE...WE DOUBT THAT THE IMF'S CLASSICAL APPROACHES ARE APPLICABLE WITHOUT FURTHER DELIBERATION FOR PORTUGAL. WE DO NOT DEBATE THE PRINCIPLE, BUT THE SCOPE AND SYSTEM OF APPLICATION. WE MUST, MEANWHILE, REACH AN AGREEMENT. IF THE FUND IS TOTALLY INTRANSIGENT, WE CLEARLY CANNOT ACCEPT CONDITIONS WHICH WOULD PROVIDE AN UNTENABLE SOCIAL SITUATION.

--EFFORTS MADE UNTIL NOW REGARDING ASSISTANCE FROM ARAB COUNTRIES HAD NO REALISTIC RESULTS. WE HAD OFFERS FROM THE ARABS AND TIED CREDIT (OFFERS) FROM CERTAIN SOCIALIST COUNTRIES, BUT THERE WAS NO FIRM OFFER WHICH WOULD HELP IN MEETING OUR DEFICIT. THE AMERICANS AND GERMANS, WHO HAVE SHOWN THEMSELVES TO BE UNDERSTANDING REGARDING PORTUGAL, NEED THE IMF SUPPORT TO GIVE US CREDIT.

--THE AUSTERITY PROGRAM HAS NOT PROVOKED WIDESPREAD OPPOSITION AND I BELIEVE THE COMMON SENSE OF THE WORKING CLASS AND THE PORTUGUESE PEOPLE. THE COMMUNIST PARTY, IF IT HAD THE POWER TO UNLEASH MAJOR STRIKES, PERHAPS WOULD DO IT. BUT THE PARTY KNOWS THAT THE WORKING CLASS AND THE COUNTRY PEOPLE WOULD NOT FOLLOW IT IN SUCH AN ADVENTURE."

2. GOVERNMENT AND STABILITY: SOARES REPORTEDLY TOLD "LE MONDE" THAT THE PS/CDS GOVERNMENT WOULD LAST UNTIL SCHEDULED ELECTIONS IN 1980 AND DISCOUNTED THE POSSIBILITY OF EARLY ELECTIONS OR PREMATURE CONSTITUTIONAL REVISIONS. PRESIDENT EANES, HE SAID, WILL CONTINUE HIS RESPONSIBILITIES AT LEAST UNTIL THE END OF LIMITED OFFICIAL USE

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HIS PRESENT TERM.

3. POLITICS: THE PRIME MINISTER AGREED THAT THE WIND WAS BLOWING FROM THE RIGHT. "THE BEST WAY FOR US TO OPPOSE THIS IS TO ADOPT A REALISTIC POLICY, AND THAT IS WHAT WE ARE DOING." SOARES:

--DEFENDED THE PS "AGREEMENT" WITH CDS, "WHICH HAS PROVED ITS GREAT UNDERSTANDING ABOUT THE COUNTRY'S SITUATION;"

--EMPHASIZED THAT AN ALLIANCE WITH THE COMMUNISTS IS IMPOSSIBLE AFTER THEIR BEHAVIOR IN THE MOST DIFFICULT HOURS OF THE REVOLUTION, AND THAT AN ALLIANCE WITH THE PSD IS IMPOSSIBLE, BECAUSE OF ITS INTERNAL CRISIS AND "A LEADER" (READ FORMER PSD LEADER SA CARNEIRO) WHO TODAY SEEKS TO UNITE THE ANTI-REVOLUTIONARY AND ANTI-CONSTITUTIONAL RIGHT...;"

--STATED THAT IN TWO YEARS, WHEN THE REVOLUTIONARY COUNCIL IS SCHEDULED TO DISBAND, THE MILITARY MEN WHO WANT TO CONTINUE IN POLITICAL LIFE WILL RENOUNCE THEIR MILITARY CAREER AND THAT NORMALITY WILL BE DEFINITELY RESTORED.

3. COMMENT: SOARES HAS AGAIN ACCEPTED THE INEVITABILITY OF AN IMF ACCORD, BUT HEDGED BY REJECTING ANY "UNREASONABLE" IMF DEMANDS. HE CLEARLY WAS PLAYING TO TWO AUDIENCES. ON ONE HAND, HE WAS ASKING THE IMF TO BE AS CONSIDERATE AS POSSIBLE; ON THE OTHER,

HE WAS TELLING THE PUBLIC THE GOP IS TAKING A STRONG INDEPENDENT
STANCE IN THE NEGOTIATIONS. SOARES, QUITE CONSCIOUSLY, WE BE-
LIEVE, UNDERSTATED THE DEGREE OF PUBLIC DISCONTENT AND POSSIBLE

REACTION TO ANTICIPATED AUSTERITY MEASURES. THE PUBLIC WILL
PROBABLY ACCEPT AUSTERITY MEASURES, PARTICULARLY IF GOP DISPLAYS
POSITIVE LEADERSHIP, BUT DISCONTENT WILL EXIST AND DEMONSTRATIONS
WILL OCCUR. PCP INITIATED DEMONSTRATIONS AGAINST RECENT PRICE
INCREASES, FOR EXAMPLE, ARE SCHEDULED APRIL 14 IN FIVE DIFFERENT
CITIES. POPULAR DISCONTENT ON THE LEFT AND RIGHT WILL SERIOUS-
LY TEST THE PS/CDS GOVERNMENT'S ABILITY TO SURVIVE.
BLOOMFIELD

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